I am writing these comments in a personal capacity, and the views expressed do not necessarily represent the views of the Highland Council.

1. I am not supportive of the Bill, although I recognise that it is entirely within the powers of the Scottish Government to make this decision.

   Whatever the views on Community Charge as a tax, local authorities are required, by law, to take all legal means at their disposal to collect tax due.

   Part of these legal powers already include options to write-off debt where there is no likelihood of the debit being recoverable. Equally debt does become prescribed after a period that would prevent legal action being taken to recover a debt. Prescription does not necessarily mean that the local authority cannot continue to pursue the debt.

   On the basis of the above I do not believe additional legislation is necessary.

2. I do not have any specific views on the level of financial settlement if this is based on returns from COSLA and local authorities. In reality very little Community Charge is still being collected.

3. It is not really possible to add to the comments at 2 above.

4. I believe that there may be some unintended consequences to debt collection on other forms of taxation, particularly council tax and sundry debt. The legislation may leave the impression that if you avoid paying debt long enough that it will eventually be written-off. This is not a message I would like to see promoted as local authorities strive to maximise collection.

   The significant risk here is to future Council Tax collections. Confidence (certainty) is a major ingredient when finance/money is involved. Anything that creates/ introduces an element of doubt as to the future creates uncertainty.

   For instance, the eventual collection rate for Community Charge for all 4 years at Highland was 92%. For Council Tax, the Council is now achieving 98%. There is no doubt that the uncertainty over the whole future of Community Charge led more payers to believe they could avoid payment.

   At the same time as introducing this Bill, there is the creation of the Council Tax Commission. The Highland Council is in favour of this review but the timing of both this Bill and Commission is very worrying in terms of the possible negative impacts on future Council Tax collections levels. I believe that the Council Tax Commission is important and its timing is fine; this Bill is much less so and introduces avoidable risk.

   The Bill does have financial consequences as the Scottish Government is using its own funds to the extent of £869,000 to compensate local authorities
for income lost. There is therefore a cost to the taxpayer, or at least the lost opportunity of this funding being used for other purposes.

In my opinion local authorities should be left to fulfil their legal obligations and collect local taxes locally without intervention from the Scottish Government.

I hope you find this response of assistance in your Committee’s deliberations.

Derek Yule
Director of Finance